

Moravian College Department of
Business and Economics **MGMT/ECON**
231: Managerial Finance Fall 2012

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Office Hours: M,W 10:30 – 11:30 AM
T,R 9:00 – 10:00 AM
Also by appointment

Prerequisites: ECON 152, ECON 156, ACCT 157

Textbook: *Essentials of Corporate Finance*, 7th Edition; Ross,
Westerfield, and Jordan, McGraw-Hill/Irwin, 2011.

Course Objectives: This course is designed to develop your understanding of basic financial concepts, such as time value of money, financial statement analysis, and risk measurement, and to help you understand how to incorporate these concepts into an analysis of the major long-term investment, financing, and dividend decisions made by financial managers. The course uses lectures, class discussion, assignments and exams to help you develop the skills necessary to accomplish these objectives. This course is writing-intensive, and you will learn how to write in a manner that will enhance the decision-making process.

Grades: The final course grade will be calculated according to the following formula:

| | |
|-------------------------------|-----|
| Three exams: | 55% |
| Assignments: | 25% |
| Project: | 10% |
| Attendance and Participation: | 10% |

Exams: You will take two midterm exams and one final exam. The lowest exam grade will be worth 15% and the two highest exam grades will be worth 20% each. Exam dates are noted on the syllabus and will not be changed. Exams consist of problems, essays, and short answer questions. Formula sheets (copied from KEY EQUATIONS found in Appendix B of the textbook) and tables will be provided but you must bring calculators to all exams. Please learn how to use your calculator before you take an exam. You can NOT share calculators. Makeup exams are given only in EMERGENCY situations and are different than the original exam. Cell phones cannot be used as calculators and must be turned off and kept out of sight during all exams.

Assignments: The end-of-chapter assignments are listed in the following pages alongside an associated date, chapter and topic (CT: Critical Thinking and Concepts Review, QP: Questions and Problems, WEB: What's on the Web?). These assignments must be turned in upon completion of the relevant chapter on due dates announced in class. The assignments will be graded, and homework turned in late (after the class period in which it is due) will be penalized one letter grade per day late. Missing assignments will receive a zero, which can significantly lower your overall assignment grade. Assignments may be changed, as announced in class. If you miss class you are responsible for finding out about due dates and changes in assignments. Failure to attend class is NOT a valid excuse for turning in assignments late. You **MUST SHOW ALL WORK** on the assignments and provide complete, well-written explanations of your answers when appropriate. Please put all answers in your own words. **HELPFUL HINT:** Answers to the odd-numbered problems can be found in Appendix C at the end of the textbook. If you do not understand an assigned even-numbered problem, try a similar odd-numbered problem first. Also feel free to ask me questions about these assignments in person or via email, but be sure to do so well in advance of the due dates.

Project: The project is designed to help you apply financial principles learned in the classroom to the analysis of an actual company, as well as to initiate you into the writing and research conventions used in the disciplines of Economics and Management. The project will be developed through the writing process, from multiple drafts to a finished paper. A detailed description will be distributed in class.

You should make use of the Writing Center. Please note that the Writing Center is located in a building that is not accessible to persons with mobility impairments. If you need the services of the Writing Center, please call 610-861-1592.

“Students who wish to request accommodations in this class for a disability should contact Elaine Mara, assistant director of learning services for academic and disability support at 1307 Main Street, or by calling 610-861-1510. Accommodations cannot be provided until authorization is received from the Academic Support Center.”

Attendance and Participation: I take attendance at the beginning of each class. If you come in late you are responsible for letting me know that you are in class. You should read the chapters and try to do the self-test problems before coming to class so that you can participate in class discussions.

Honesty: All students are expected to adhere to the College's Policy on Academic Honesty as outlined in the Student Handbook. Students who violate the policy must accept the consequences dictated by this policy. If you have any questions about this policy, please see me.

Classroom Behavior: Please be considerate. Do not arrive late, leave early, or walk out during class. Turn off cell phones before coming to class. Do not engage in personal conversations during class and respect your fellow classmates' opinions.

Caveat: I will make every effort to cover the material outlined in the following pages of this syllabus. However, unexpected events may cause the delay or removal of some material. These changes will be announced in class.

| DATE | CHAPTER | TOPIC | ASSIGNMENT |
|--------|---------|--|---|
| Aug 28 | | Introduction | |
| 30 | 1 | Introduction to Financial Management | CT: 1.1, 1.6, 1.14 |
| Sept 4 | 2 | Financial Statements, Taxes and Cash Flow | CT: 2.3, 2.4, 2.5 QP: 19, 20, 22, 23 |
| 6 | 3 | Working with Financial Statements | CT: 3.11, 3.12 Chapter Case WEB 3.2 |
| 11 | | | |
| 13 | | FALL CONVOCATION | |
| 18 | 4 | Introduction to Valuation: Time Value of Money | CT: 4.6, 4.8, 4.9 QP: 6, 10, 12, 14, 16, 26 |
| 20 | 5 | Discounted Cash Flow Valuation | CT: 5.3, 5.6 Chapter Case |
| 25 | | | |
| 27 | | EXAM 1 | |
| Oct 2 | 6 | Interest Rates and Bond Valuation | CT: 6.8, 6.14 QP: 4,6,10,12,17,32 WEB: 6.1, 6.2 (amended) |
| 4 | | | |
| 9 | | FALL BREAK | |
| 11 | 7 | Equity Markets and Stock Valuation | CT: 7.5, 7.6, 7.7 QP: 4, 6, 8, 14, 16, 24 |
| 16 | | | |

| DATE | CHAPTER | TOPIC | ASSIGNMENT |
|-------------|----------------|--|---|
| Oct 18 | 8 | Net Present Value and Other Investment Criteria | CT: 8.1, 8.4, 8.10 QP: 2, 4, 10, 14, 18, 20 |
| 23 | | | |
| 25 | 9 | Making Capital Investment Decisions | CT: 9.1, 9.6, 9.11 Chapter Case |
| 30 | | | |
| Nov 1 | | EXAM 2 | |
| 6 | 10 | Lessons from Capital Market History | CT: 10.4, 10.8 QP: 6, 10, 12, 24 |
| 8 | 11 | Risk and Return | CT: 11.1, 11.8, 11.10 QP: 7, 10, 14, 16, 30 WEB: 11.1 |
| 13 | | | |
| 15 | 12 | Cost of Capital | CT: 12.4, 12.6, 12.8 QP: 12, 16, 18, 20, 22 |
| 20 | | | |
| 22 | | THANKSGIVING BREAK | |
| 27 | 13 | Leverage and Capital Structure | TBA |
| 29 | 14 | Dividends and Dividend Policy | TBA |
| Dec 4 | | | |
| 6 | | | |
| 14 | 1:30 PM | FINAL EXAM | |